

PRESTON  
GATES ELLIS  
& ROUVELAS  
MEEDS

ATTORNEYS AT LAW

Suite 500  
1735 New York Avenue, NW  
Washington, DC 20006-4750  
(202) 628-1700  
Fax: (202) 331-1024

STANLEY M. GORINSON  
Direct Dial: (202) 662-8408

June 10, 1996

DOCKET FILE COPY ORIGINAL

**BY HAND DELIVERY**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: In the Matter of the Provision of Interstate and International  
Interexchange Telecommunications Service Via the "Internet"  
by Non-Tariffed, Uncertified Entities - RM - 8775

Dear Mr. Caton:

Please find enclosed for filing the original and four (4) copies of the Reply Comments of Microsoft Corporation to the Petition of America's Carriers Telecommunications Association ("ACTA") for Declaratory Ruling, Special Relief, and Institution of Rulemaking Against VocalTec, Inc., Internet Telephone Company, Third Planet Publishing Inc., Camelot Corporation, Quarterdeck Corporation, and Other Providers of Non-Tariffed and Uncertified Interexchange Telecommunications Services.

If you have any questions or need any additional information please feel free to contact me.

Sincerely yours,

  
Stanley M. Gorinson

Enclosure

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Oxy  
CCB

A PARTNER IN PRESTON GATES & ELLIS

ANCHORAGE, AK  
(907) 276-1969  
FAX: (907) 276-1365

COEUR D'ALENE, ID  
(208) 667-1839  
FAX: (208) 667-3567

LOS ANGELES, CA  
(213) 624-2395  
FAX: (213) 624-5924

PORTLAND, OR  
(503) 228-3200  
FAX: (503) 248-9085

SEATTLE, WA  
(206) 623-7580  
FAX: (206) 623-7022

SPOKANE, WA  
(509) 624-2100  
FAX: (509) 456-0146

TACOMA, WA  
(206) 272-1500  
FAX: (206) 272-2913

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.**

RECEIVED

JUN 10 1996

**IN THE MATTER OF:**

**THE PROVISION OF INTERSTATE AND  
INTERNATIONAL INTEREXCHANGE  
TELECOMMUNICATIONS SERVICE VIA THE  
"INTERNET" BY NON-TARIFFED, UNCERTIFIED  
ENTITIES**

**AMERICA'S CARRIERS TELECOMMUNICATION  
ASSOCIATION ("ACTA"),  
Petitioner**

**PETITION FOR DECLARATORY RULING,  
SPECIAL RELIEF, AND  
INSTITUTION OF RULEMAKING AGAINST:**

**VocalTec, Inc.; Internet Telephone Company;  
Third Planet Publishing Inc.; Camelot Corporation;  
Quarterdeck Corporation; and Other Providers of  
Non-Tariffed and Uncertified Interexchange  
Telecommunications Services,  
Respondents.**

DOCKET FILE COPY ORIGINAL

RM - 8775

**REPLY COMMENTS OF MICROSOFT CORPORATION**

**Jack Krumholtz  
Law and Corporate Affairs Department  
Microsoft Corporation  
Suite 600  
5335 Wisconsin Avenue, N.W.  
Washington, D.C. 20015**

**Stanley M. Gorinson  
Amy L. Carlson  
Preston Gates Ellis & Rouvelas Meeds  
1735 New York Avenue, N.W.  
Washington, D.C. 20006**

**June 10, 1996**

**Attorneys for Microsoft Corporation**

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.**

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**IN THE MATTER OF:**

**THE PROVISION OF INTERSTATE AND  
INTERNATIONAL INTEREXCHANGE  
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Non-Tariffed and Uncertified Interexchange  
Telecommunications Services,  
    Respondents.**

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**RM - 8775**

**REPLY COMMENTS OF MICROSOFT CORPORATION**

Microsoft Corporation, by its attorneys, submitted an opposition to the Petition filed by America’s Carriers Telecommunications Association (“ACTA”). These reply comments are limited to responding to certain points contained in ACTA’s comments on its own Petition filed on May 8, 1996 (the “ACTA Comments”). Microsoft also joins in the Reply Comments filed by the Business Software Alliance and the Reply Comments filed by the Joint Parties.

In its comments, ACTA once again ignores the various portions of the 1996 Act that are directly contrary to the position ACTA puts forth. Those statutory barriers to ACTA's assertions are contained in Microsoft's opposition (Microsoft opposition at 4-6), as well as the oppositions of most other parties, and need not be repeated here.

The ACTA Comments seek to create the impression that Internet voice messaging has or soon will overwhelm the traditional telephone infrastructure apparently based on one book's view of the future (ACTA Comments at 11 *et seq.*). However, ACTA also admits that Internet voice has significant quality problems (ACTA Comments at 6), including missing data packets, delays in routing, slow transmission and the technical drawbacks of local telephone networks. Thus, ACTA's own comments suggest that the "competition" from Internet voice is more apparent than real. ACTA's concerns about "unfair competition" burdening "small competitors" who will lose "revenues, customers and business" thus "skew[ing]... rational and fair evolution in networking" (ACTA Comments at 14) seems instead to be an outmoded call for regulation to prevent innovation and has no basis in reality, by ACTA's own admission.

Second, ACTA sets out a confusing and misleading comparison between Internet software and telephone switches (ACTA Comments at 12-13). The fact that a switch uses software does not make the switch manufacturer a telecommunications carrier providing telecommunications service. Also a switch manufacturer is not regulated by the FCC as a carrier. ACTA's switch argument simply goes nowhere.

Third, ACTA's comments seek to remedy an obvious difficulty contained in its Petition. ACTA, in its Petition, seeks regulation of voice service over the Internet. However, in its comments, ACTA now seeks regulation of voice and data "telephony," (ACTA Comments at 15-23) obviously having recognized that in a digital world "bits are bits" and voice and data are the same. This, of course, illustrates once again the transparent effort by ACTA to simply burden

the Internet with regulation for no rational reason. Certainly ACTA has presented no compelling rationale for this regulation in its Petition or in its Comments.<sup>1</sup>

Finally, ACTA argues that the Internet should contribute to universal service. However, that assertion – whether correct or not – would hardly seem to be a predicate for the extraordinary actions ACTA has requested at the Commission in its Petition. Indeed, the Commission has commenced a separate proceeding to deal with universal service and has announced its intention to address access charge reform. Thus, ACTA's arguments – even assuming they had validity – do not occasion a need for this proceeding.

### CONCLUSION

Microsoft respectfully urges the Commission to reject the ACTA Petition for the reasons stated above and in Microsoft's earlier opposition.

Respectfully submitted,

MICROSOFT CORPORATION

By

  
Jack Krumholtz

Law and Corporate Affairs Department  
Microsoft Corporation  
5335 Wisconsin Avenue, N.W., Suite 600  
Washington, D.C. 20015

By

  
Stanley M. Gorinson

Amy L. Carlson  
Preston Gates Ellis & Rouvelas Meeds  
1735 New York Avenue, N.W.  
Washington, D.C. 20006

June 10, 1996


Its Attorneys

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<sup>1</sup> Nor does ACTA present any compelling rationale for classifying Internet services as "basic telephone service" (ACTA Comments at 18-22). ACTA does not address why Internet services are not enhanced or information services. ACTA simply states that even if they are enhanced services, the Commission should regulate them anyway (ACTA Comments at 21-22).

## **CERTIFICATE OF SERVICE**

I, Sharon Agranov, do hereby certify that copies of Reply Comments of Microsoft Corporation has been served on the parties listed below via hand delivery (or as otherwise indicated) on this 10th day of June, 1996.

  
Sharon Agranov

Chairman Reed E. Hundt  
Federal Communications Commission  
Room 814  
1919 M Street, N.W.  
Washington, D.C. 20554

Commissioner James H. Quello  
Federal Communications Commission  
Room 802  
1919 M Street, N.W.  
Washington, D.C. 20554

Commissioner Rachelle B. Chong  
Federal Communications Commission  
Room 844  
1919 M Street, N.W.  
Washington, D.C. 20554

Commissioner Susan B. Ness  
Federal Communications Commission  
Room 832  
1919 M Street, N.W.  
Washington, D.C. 20554

William F. Caton, Acting Secretary  
Office of the Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

Wanda Harris, Industry Analyst  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 518  
Washington, D.C. 20554

Regina M. Keeney, Chief  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 500  
Washington, D.C. 20554

ITS, Inc.  
2100 M Street, N.W.  
Suite 140  
Washington, D.C. 20037

Julius Genachowski  
Legal Counsel  
Federal Communications Commission  
1919 M Street, N.W.  
Room 814  
Washington, D.C. 20554

John Nakahata  
Legal Advisor  
Federal Communications Commission  
1919 M Street, N.W.  
Room 814  
Washington, D.C. 20554

Jane Mago  
Senior Legal Advisor  
Federal Communications Commission  
1919 M Street, N.W.  
Room 844  
Washington, D.C. 20554

Daniel Gonzalez  
Legal Advisor  
Federal Communications Commission  
1919 M Street, N.W.  
Room 844  
Washington, D.C. 20554

James L. Casserly  
Senior Legal Advisor  
Federal Communications Commission  
1919 M Street, N.W.  
Room 832  
Washington, D.C. 20554

Lauren J. Belvin  
Senior Advisor  
Federal Communications Commission  
1919 M Street, N.W.  
Room 802  
Washington, D.C. 20554

Rudolfo Baca  
Legal Advisor  
Federal Communications Commission  
1919 M Street, N.W.  
Room 802  
Washington, D.C. 20554

William E. Kennard  
General Counsel  
Federal Communications Commission  
1919 M Street, N.W.  
Room 614  
Washington, D.C. 20554

David H. Solomon  
Deputy General Counsel  
Federal Communications Commission  
1919 M Street, N.W.  
Room 614  
Washington, D.C. 20554

Christopher J. Wright  
Deputy General Counsel  
Federal Communications Commission  
1919 M Street, N.W.  
Room 614  
Washington, D.C. 20554

James W. Olson, Chief  
Competition Division  
Federal Communications Commission  
1919 M Street, N.W.  
Room 658  
Washington, D.C. 20554

Charles H. Helein \*  
Helein & Associates, P.C.  
8180 Greensboro Drive  
Suite 700  
McClean, VA 22102

Helen E. Disenhaus  
Swidler & Berlin  
3000 K Street, NW  
Suite 300  
Washington, D.C. 20007

Bruce Jacobs  
Fisher Wayland Cooper Leader & Zaragoz L.L.P.  
2001 Pennsylvania Avenue, NW  
Suite 400  
Washington, D.C. 20006

**\* VIA FIRST CLASS MAIL**